

# ***Michigan Waste Industries Association***

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## **Testimony on House Bill 4222**

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**June 13, 2007**

Michigan Waste Industries Association (MWIA) voiced opposition to passage of the landfill tax when it was being considered by the House of Representatives and now voices opposition to House Bill 4222.

The last time I testified on this issue I indicated that monies thrown at recycling in this manner was nothing more than a subsidy which would not lead to a sustainable recycling program. A subsidy for this kind of program will be ongoing and will eventually need to be increased for a variety of reasons-decreased landfill volumes, inflation, participation rates, etc. What is needed is a holistic approach to recycling, necessary to resolve issues that have plagued the enhancement of recycling in Michigan from the onset.

A holistic solution would involve emphasis foremost on education, then efforts to enhance reuse and waste reduction programs which would include what I call product stewardship, market development and technology transfer. Efforts in the past in these areas have been piecemeal at best and without the legislative will power to see the efforts through. Passage of this proposed legislation will do very little to address these issues, especially with the recent changes to the distribution formula.

MWIA continues to support the formation of a Recycling Advisory Council and the permanent position of a State Recycling Coordinator. Both of these items were passed by both houses of the legislature previously but were not signed by the Governor. While MWIA supported the formation of a Recycling Advisory Council, we continue to voice concern about the mechanism for appointments and composition of the Council. Professional organizations should have a voice in determining who represents their involvement on the Council.

Invariably, if you move forward you will be pressured to eliminate the Bottle Bill to increase aluminum in curbside programs. While MWIA did not support expansion of the Bottle Bill, we have not taken a position what the future should hold. I will remind you however, that while the Bottle Bill was an anti-litter bill and not a recycling bill it was a tremendous stimulus to recycling early on and continues to boost our recycling rates. The ramifications of elimination would be significant.

During the last session of this committee I heard local units of government voice concern over the stability and reliability of funds allocated in this proposal. They should be. Several years ago the DEQ lost some financial support from the General Fund and the landfill owners voluntarily agreed to make up the difference, hence the 21 cents we have been hearing about. Now, DEQ wants an increase even though their staffing

patterns are supposedly smaller. This is in addition to the tax you passed which, by the way, also includes additional monies in the distribution formula for what appears to be funds for the same responsibilities. All of this is in addition to fees we pay to local units of government by statute, license and permit fees paid to DEQ and fees paid to local units of government through host community agreements. All of these add to cost of doing business in Michigan and citizens should question how many times they are going to be taxed on the same cubic yard of garbage.

There are numerous other issues with House Bill 4222. Mandating the scope of materials to be collected can become problematic if the economy changes and markets erode. Additionally, changing what is collected or not collected becomes a real educational issue.

While the solid waste industry currently reports solid waste data, reporting recycling data has been problematic with numerous issues remaining to be resolved. The Solid Waste Policy Committee has studied this issue and we feel it will be difficult to obtain reliable data at this point.

Market development is an important component. The proposed legislation establishes a Market Development Fund but where is the obligated contributions from the landfill tax? To make matters worse, if the funds do not reach \$1000.000.00 by 2010, the monies are distributed to local units of government.

The scope of responsibilities of the Recycling Advisory Council is too narrow. If this legislation is not going to address all of the parameters of a holistic recycling program, then the Recycling Advisory Council should have greater degrees of freedom to explore.

To add to the concern I will tell you that since the largest investors in the state in recycling are the private sector some of those funds in the distribution formula should come back to them and where in the allocation language is reimbursement for the administrative costs incurred by landfills to collect these funds? Furthermore, examination of the requirement for distribution of funds and the indicated use of the funds clearly demonstrate that this is a tax, not a fee.

In conclusion, we do not feel that implementation of the landfill tax is the appropriate solution to Michigan's recycling issues. A holistic approach as outlined is more appropriate and one MWIA would be interested in participating in. There are other funding mechanisms that are more stable and provide a better chance of insuring sustainability of revenue. Funding by way of a variation of P.A. 138 would insure local control, instill a sense of ownership in the programs and could be enhanced by the penny plan discussed in the legislature last session.

Thank you for the opportunity to comment on House Bill 4222.